

ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY

W-02169A



Keaton Development Company
PO Box 905
Salome, AZ 85348

RECEIVED

AZ CORP COMM
Director Utilities

ANNUAL REPORT

FOR YEAR ENDING

12	31	2006
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entered
5-10-07

FOR COMMISSION USE
ANN04 05

Scanned
5-11-07

COMPANY INFORMATION

Company Name (Business Name) Keaton Development Company, Inc.

MailingAddress PO Box 905
(Street)

Salome **AZ** **85348**
(City) (State) (Zip)

928-859-3982 928-859-3984
Telephone No. (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include Area Code)

Email Address Keatonwater@msn.com

Local Office Mailing Address same as above
(Street)

(City) (State) (Zip)

Local Office Telephone No. (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include Area Code)

Email Address _____

MANAGEMENT INFORMATION

Management Contact: William S. Scott **President**
(Name) (Title)

PO Box 905 Salome, AZ 85348
(Street) (City) (State) (Zip)

928-859-3982 928-859-3984
Telephone No. (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include Area Code)

Email Address Keatonwater@msn.com

On Site Manager: William S. Scott

(Name)

Same as above
(Street) (City) (State) (Zip)

Telephone No. (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include Area Code)

Email Address _____

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

Statutory Agent: Frontier Accounting Service, Lanna Mesenbrink

(Name)

125 E. Apache St.

Wickenburg

AZ

85390

(Street)

(City)

(State)

(Zip)

928-684-2247

928-684-0066

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Attorney: Richard L. Sallquist

(Name)

2525 E Arizona Biltmore Circle Suite 117

Phoenix, AZ 85016

(Street)

(City)

(State)

(Zip)

602-224-9222

602-224-9366

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

☒ Please mark this box if the above address(es) have changed or are updated since the last filing.

OWNERSHIP INFORMATION

Check the following box that applies to your company:

☐ **Sole Proprietor (S)**

☐ **C Corporation (C) (Other than Association/Co-op)**

☐ **Partnership (P)**

☒ **Subchapter S Corporation (Z)**

☐ **Bankruptcy (B)**

☐ **Association/Co-op (A)**

☐ **Receivership (R)**

☐ **Limited Liability Company**

☐ **Other (Describe)** _____

COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

☐ **APACHE**

☐ **COCHISE**

☐ **COCONINO**

☐ **GILA**

☐ **GRAHAM**

☐ **GREENLEE**

☒ **LA PAZ**

☐ **MARICOPA**

☐ **MOHAVE**

☐ **NAVAJO**

☐ **PIMA**

☐ **PINAL**

☐ **SANTA CRUZ**

☐ **YAVAPAI**

☐ **YUMA**

☐ **STATEWIDE**

UTILITY PLANT IN SERVICE

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D. (OC less AD)
301	Organization	1250	1250	0
302	Power Generating Equipment	25693	0	
303	Land and Land Rights	8200	0	0
304	Structures and Improvements	20610		
307	Wells and Springs	72495		
311	Pumping Equipment	84539		
320	Water Treatment Equipment	0	0	
330	Distribution Reservoirs and Standpipes	45102		
331	Transmission and Distribution Mains	307357		
333	Services	57154		
334	Meters and Meter Installations	8026		
335	Hydrants	26856		
336	Backflow Prevention Devices	0	0	
339	Other Plant and Misc. Equipment	0	0	
340	Office Furniture and Equipment	2779		
341	Transportation Equipment	3000	0	
343	Tools, Shop and Garage Equipment	2096		
344	Laboratory Equipment	0	0	
345	Power Operated Equipment	0	0	
346	Communication Equipment	0	0	
347	Miscellaneous Equipment	655	0	
348	Other Tangible Plant	0	0	
	TOTALS	665812	266346	399466

This amount goes on the Balance Sheet Acct. No. 108

CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1x2)
301	Organization	1250		
302	Power Generating Equipment	25693		
303	Land and Land Rights	8200		
304	Structures and Improvements	20610		
307	Wells and Springs	72495		
311	Pumping Equipment	84539		
320	Water Treatment Equipment	0		
330	Distribution Reservoirs and Standpipes	45102		
331	Transmission and Distribution Mains	307357		
333	Services	57152		
334	Meters and Meter Installations	8026		
335	Hydrants	26856		
336	Backflow Prevention Devices	0		
339	Other Plant and Misc. Equipment	0		
340	Office Furniture and Equipment	2779		
341	Transportation Equipment	3000		
343	Tools, Shop and Garage Equipment	2096		
344	Laboratory Equipment	0		
345	Power Operated Equipment	0		
346	Communication Equipment	0		
347	Miscellaneous Equipment	655		
348	Other Tangible Plant	0		
	TOTALS	665812		

This amount goes on the Comparative Statement of Income and Expense _____
Acct. No. 403.

BALANCE SHEET

Acct .No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	ASSETS		
	CURRENT AND ACCRUED ASSETS		
131	Cash	\$3683	-262
134	Working Funds		
135	Temporary Cash Investments		
141	Customer Accounts Receivable	5340	
146	Notes/Receivables from Associated Companies		
151	Plant Material and Supplies		
162	Prepayments		
174	Miscellaneous Current and Accrued Assets	4322	128122
	TOTAL CURRENT AND ACCRUED ASSETS	\$13550	127860
	FIXED ASSETS		
101	Utility Plant in Service	\$665812	\$ 617247
103	Property Held for Future Use		
105	Construction Work in Progress		
108	Accumulated Depreciation – Utility Plant	370368	266346
121	Non-Utility Property		
122	Accumulated Depreciation – Non Utility		
	TOTAL FIXED ASSETS	\$399456	\$ 350901
	TOTAL ASSETS	\$412816	\$ 478761

NOTE: The Assets on this page should be equal to **Total Liabilities and Capital** on the following page.

BALANCE SHEET (CONTINUED)

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	LIABILITIES		
	CURRENT LIABILITIES		
231	Accounts Payable	\$1315	\$
232	Notes Payable (Current Portion)		
234	Notes/Accounts Payable to Associated Companies		
235	Customer Deposits		
236	Accrued Taxes		
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities	5491	1522
	TOTAL CURRENT LIABILITIES	\$6806	\$ 1522
	LONG-TERM DEBT (Over 12 Months)		
224	Long-Term Notes and Bonds	\$132473	\$ 128102
	DEFERRED CREDITS		
251	Unamortized Premium on Debt		
252	Advances in Aid of Construction	16000	16000
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction		
272	Less: Amortization of Contributions		
281	Accumulated Deferred Income Tax		
	TOTAL DEFERRED CREDITS		
	TOTAL LIABILITIES		
	CAPITAL ACCOUNTS	Beg	252005
201	Common Stock Issued	\$50000	\$50000
211	Paid in Capital in Excess of Par Value	59975	25000
215	Retained Earnings	130609	-12547
218	Proprietary Capital (Sole Props and Partnerships)		
	TOTAL CAPITAL		\$333137
	TOTAL LIABILITIES AND CAPITAL	\$	\$478761

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$152712	\$161886
460	Unmetered Water Revenue		
474	Other Water Revenues	4104	643
	TOTAL REVENUES	\$158816	\$162530
	OPERATING EXPENSES		
601	Salaries and Wages	\$34794	\$59406
610	Purchased Water	0	0
615	Purchased Power	15432	19947
618	Chemicals	1415	
620	Repairs and Maintenance	16463	6102
621	Office Supplies and Expense	12677	8946
630	Outside Services	9880	3066
635	Water Testing	5780	5539
641	Rents	3725	2750
650	Transportation Expenses	2973	9925
657	Insurance – General Liability	7993	7898
659	Insurance - Health and Life		
666	Regulatory Commission Expense – Rate Case	117	
675	Miscellaneous Expense	3609	
403	Depreciation Expense		
408	Taxes Other Than Income	3042	4689
408.11	Property Taxes	11285	11854
409	Income Tax		
	TOTAL OPERATING EXPENSES	\$140389	\$140122
	OPERATING INCOME/(LOSS)	\$32797	\$22408
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$	\$
421	Non-Utility Income		0
426	Miscellaneous Non-Utility Expenses	5520	1500
427	Interest Expense		2228
	TOTAL OTHER INCOME/(EXPENSE)	\$	\$3728
	NET INCOME/(LOSS)	\$17695	\$18680

SUPPLEMENTAL FINANCIAL DATA
Long-Term Debt

	LOAN #1	LOAN #2	LOAN #3	LOAN #4
Date Issued	12/23/99			
Source of Loan	WIFA			
ACC Decision No.				
Reason for Loan	Business			
Dollar Amount Issued	\$48121	\$	\$	\$
Amount Outstanding	\$38881	\$	\$	\$
Date of Maturity				
Interest Rate	8 %	%	%	%
Current Year Interest	\$2228	\$	\$	\$
Current Year Principle	\$2128	\$	\$	\$

Meter Deposit Balance at Test Year End \$ _____

Meter Deposits Refunded During the Test Year \$ _____

COMPANY NAME Keaton Development Company, Inc.

WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
B-5-1328 A	60	500		16"	N/A	
B-5-1221 dde	60	600		16"	N/A	

* Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)
None		

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
10 hp	4		
5 hp	1		

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
20000	1	5000	1
14000	2		

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

MAINS		
Size (in inches)	Material	Length (in feet)
2	PVC	880
3	PVC	3280
4	PVC	4455
5		
6	PVC	21615
8		
10		
12		

CUSTOMER METERS	
Size (in inches)	Quantity
5/8 X ¾	400
3/4	
1	
1 1/2	1
2	
Comp. 3	
Turbo 3	1
Comp. 4	
Tubo 4	
Comp. 6	
Tubo 6	

For the following three items, list the utility owned assets in each category.

TREATMENT EQUIPMENT:

Chlorination
system _____

STRUCTURES: _____ pumphouse booster _____

OTHER:

COMPANY NAME: Keaton Development Company, Inc.

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2006

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD	GALLON PUMPED (Thousands)
JANUARY	438	1705987	2021280
FEBRUARY	438	2000747	2192810
MARCH	450	2153297	2403270
APRIL	448	2796199	2881980
MAY	443	2684544	2936140
JUNE	447	2271515	2455530
JULY	439	2444288	2747820
AUGUST	441	2289630	2823330
SEPTEMBER	448	2087474	2296217
OCTOBER	450	1828869	1993468
NOVEMBER	468	2089460	2298406
DECEMBER	475	1844420	1973529
TOTAL		26196430	29023780

No Fire Hydrants

Is the Water Utility located in an ADWR Active Management Area (AMA)?

() Yes

(x) No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?

() Yes

(x) No

If yes, provide the GPCPD amount: _____

What is the level of arsenic for each well on your system. _____.0050_____ mg/l

(If more than one well, please list each separately.)

Note: If you are filing for more than one system, please provide separate data sheets for each system.

COMPANY NAME Keaton Development Company, Inc. YEAR ENDING 12/31/2006

PROPERTY TAXES

Amount of actual property taxes paid during Calendar Year 2006 was:
11390.58

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why. _____

VERIFICATION AND SWORN STATEMENT

Taxes

VERIFICATION

STATE OF Arizona
I, THE UNDERSIGNED
OF THE

COUNTY OF (COUNTY NAME) LaPaz
NAME (OWNER OR OFFICIAL) TITLE William S. Scott, President
COMPANY NAME Keaton Development Company, Inc.

RECEIVED

2 CORP COMM
Director Utilities

DO SAY THAT THIS ANNUAL UTILITY PROPERTY TAX AND SALES TAX REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2006

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

I HEREBY ATTEST THAT ALL PROPERTY TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.

I HEREBY ATTEST THAT ALL SALES TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF


THIS

8th

DAY OF

(SEAL)

MY COMMISSION EXPIRES 12/29/2010


SIGNATURE OF OWNER OR OFFICIAL

928-859-3982

TELEPHONE NUMBER

Lucy Herman

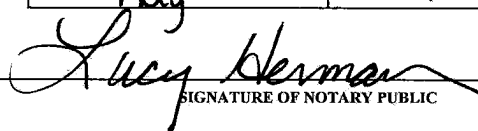
COUNTY NAME

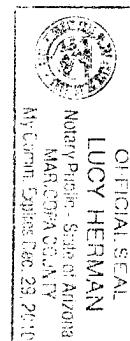
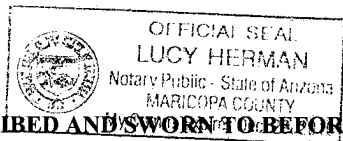
MARICOPA

MONTH

May

2007


SIGNATURE OF NOTARY PUBLIC



COMPANY NAME Keaton Development Company YEAR ENDING 12/31/2006

INCOME TAXES

For this reporting period, provide the following:

Federal Taxable Income Reported \$-22086
Estimated or Actual Federal Tax Liability 0

State Taxable Income Reported \$-22086
Estimated or Actual State Tax Liability 0

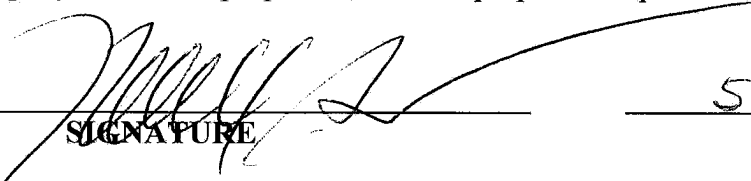
Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances _____
Amount of Gross-Up Tax Collected _____
Total Grossed-Up Contributions/Advances _____

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

CERTIFICATION

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.

 5-8-07
SIGNATURE DATE

William S. Scott President
PRINTED NAME TITLE

VERIFICATION AND SWORN STATEMENT

Intrastate Revenues Only

VERIFICATION

STATE OF Arizona

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME)
LaPaz
NAME (OWNER OR OFFICIAL) TITLE
William S. Scott, President
COMPANY NAME
Keaton Development Company

2 CORP COMM
Director Utilities

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2006

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2005 WAS:

Arizona Intrastate Gross Operating Revenues Only (\$)

\$ 175595

(THE AMOUNT IN BOX ABOVE
INCLUDES \$ 13709
IN SALES TAXES BILLED, OR COLLECTED)

**REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)

SIGNATURE OF OWNER OR OFFICIAL
928-859-3982

TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME Lucy Herman

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

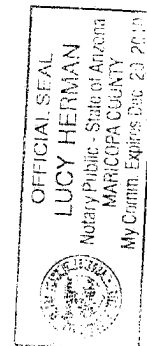
THIS 8th DAY OF

(SEAL)

MY COMMISSION EXPIRES 12/29/2010

COUNTY NAME
<u>Maricopa</u>
MONTH <u>May</u> YEAR <u>2007</u>

Lucy Herman
SIGNATURE OF NOTARY PUBLIC



RECEIVED

VERIFICATION AND SWORN STATEMENT
RESIDENTIAL REVENUE
INTRASTATE REVENUES ONLY

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME) LaPaz	
NAME (OWNER OR OFFICIAL) William S. Scott	TITLE President
COMPANY NAME Keaton Development Company	

ARIZONA CORPORATION COMMISSION
Director Utilities

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2006

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2005 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES

\$ 175595

(THE AMOUNT IN BOX AT LEFT
INCLUDES \$ 13709
IN SALES TAXES BILLED, OR COLLECTED)

*RESIDENTIAL REVENUE REPORTED ON THIS PAGE
MUST INCLUDE SALES TAXES BILLED.

William S. Scott
SIGNATURE OF OWNER OR OFFICIAL
928-859-3982

TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

8th

DAY OF

NOTARY PUBLIC NAME Lucy Herman	
COUNTY NAME Maricopa	
MONTH May	2007

(SEAL)

MY COMMISSION EXPIRES 12/29/2010

X *Lucy Herman*
SIGNATURE OF NOTARY PUBLIC

